Effect of increase in the value of rupee on textile industry

†775. SHRI LALIT KISHORE CHATURVEDI:
DR. GYAN PRAKASH PILANIA:

Will the Minister of TEXTILES be pleased to state:

(a) whether it is a fact that the textile industry has been adversely affected due to increase in the value of rupee as compared to dollar;

(b) if so, the percentage of decline in exports and the number of industrial units whose production has declined and by what amount;

(c) whether it is also a fact that technology has not been updated *vis-a-vis* technological changes in cloth production units and this situation has arisen due to non-competitiveness of obsolete technology; and

(d) whether there is any scheme for updation of sick mills and affected units?

THE MINISTER OF STATE IN THE MINISTRY OF TEXTILES (SHRI E.V.K.S. ELANGOVAN): (a) and (b) The Government is seized of the submissions of textiles export promotion councils and trade associations, which attribute the decline in India's textiles exports to the recent appreciation of the Indian rupee *vis-a-vis* the US dollar. As per the data generated by the Directorate General of Commercial Intelligence & Statistics, Kolkata, India's textiles exports during April-October, 2007-08 have declined by 9.96% in rupee terms, and increased by 1.49% in US dollar terms, over the corresponding period of 2006-07.

(c) Absence of application of modern technology in the sector has been a handicap to the Indian textiles and clothing industry. To address this situation, Government launched the Technology Upgradation Fund Scheme (TUFS) in 1999, to facilitate the modernization and upgradation of the indusry in the organized and unorganized sectors. This Scheme has been successful in generating significant investment for modernization and upgradation of the Indian textiles sector in recent times.

(d) Government is actively pursuing a policy regime that facilitates the growth and development of Indian industry. It has initiated a number of steps to revive sick industrial units which, *inter-alia,* include, issue of guidelines by the Reserve Bank of India to banks, the amaigamtion of sick units with healthy units etc. The Government has set up the Board for Industrial and Financial Reconstruction (BIFR) under the Sick Industrial Companies (Social Provisions) Act. A Debt Restructuring Package was introduced in September, 2003, to restructure high cost debts of textiles units to help them to overcome their unsustainable debt burden.

Sops to textile industry in wake of rupee appreciation

776. SHRI MAHENDRA MOHAN: Will the Minister of TEXTILES be pleased to state:

(a) whether textile industry is not satisfied with Government's recent sops and wants refund of State level duties and moratorium on payment of term loans to meet the challenges posed by appreciating rupee;

(b) if so, Government's reaction thereto; and

(c) India's share in the textile exports in world and how much export increased during the last one year, giving comparison in terms of other major textile exporting countries?

THE MINISTER OF STATE IN THE MINISTRY OF TEXTILES (SHRI E.V.K.S. ELANGOVAN): (a) and (b) The Indian textiles industry has been demanding various concessions, which include the refund of State and local levies, higher rates of Duty Entitlement Pass Book (DEPB) and Duty Drawback, etc., to cope with the adverse situation arising due to the recent appreciation of the Indian Ruppee *vis-a-vis* the US dollar. The Government has, in response, introduced serveral measures to provide relief to the affected exporters, which include increase in Duty Entitlement Pass Book and Duty Drawback rates, exemption from service tax on select services, reduction in interest rates of pre-shipment and post-shipment credit and faster clearance of arrears of terminal excise duties and Central Sales Tax.

(c) As per the latest available figures of World Trade Organization, India's share in world trade of textiles and clothing in 2006 was 4.3% and 3.3%, respectively. The details of India's exports of textiles and clothing in comparison to other major textiles exporting countries during the years 2005 and 2006 are given below:

Value in US $ Million

Name of exporting	2005		2006		variation (%)	
Countries						
European Union (25)	69465	79126	71208	83415	2.51	5.42
China	41050	74163	48683	95388	18.59	28.62
Hong Kong	13830	27292	13910	28391	0.58	4.03
India	8462	9212	9330	10192	10.26	10.63
Republic of Korea	10391	2581	10110	2183	-2.70	-15.42
Turkey	7076	11833	7593	11882	7.31	9.41

Source: World Trade Organisation

Re. VIOLATION OF RULES BY SOME MEMBERS

THE MINISTER OF PARLIAMENTARY AFFAIRS AND THE MINISTER OF INFORMATION AND BROADCASTING (SHRI PRIYARANJAN DASMUNSI): Sir, it is very unfortunate that in our political system, sometimes, we have to take up issues within the Parliamentary rules and framework of the programme, and sometimes, we have to express our feelings in a different manner also, and it has been the traditional practice of both the Houses, and we never try to cross the *lakshman rekha.* Sir, whatever has happened during the last few days, true it is that the feelings of a few Members of a particular political party have been hurt because selectively, their names appeared in the bulletin. While 1 always respect your ruling and observation because you are the Chair of this great House of this country, and your ruling and observation is always binding on all of us, and shall continue to be so iii future also, but, Sir, We are also human beings. All are respected Members of this House, very dignified Members, who represent the voice of their people from time to time. If there is something which has hurt them, we can discuss it in a proper manner today after